

Representative John G. Mathis proposes the following substitute bill:

SCHOOL AND INSTITUTIONAL TRUST

LANDS AMENDMENTS

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John G. Mathis

Senate Sponsor: Darin G. Peterson

LONG TITLE

General Description:

This bill changes the distribution of mineral revenue generated from lands acquired by the School and Institutional Trust Lands Administration from the federal government.

Highlighted Provisions:

This bill:

- ▶ creates the Land Exchange Distribution Account;
- ▶ distributes the state's share of mineral revenues from school and institutional trust

lands to:

- the counties from which the revenue is generated;
 - the counties where school and institutional trust lands were relinquished to the United States;
 - the Constitutional Defense Restricted Account;
 - the Permanent Community Impact Fund;
 - the State Board of Education;
 - the Utah Geological Survey; and
 - the Water Research Laboratory at Utah State University;
- ▶ eliminates the contributions of mineral revenue from school and institutional trust



26 lands to:

- 27 • the Rural Electronic Commerce Communications System Fund;
- 28 • the Rural Development Fund; and
- 29 • the Mineral Lease Account;
- 30 ▶ changes how administrative costs are determined;
- 31 ▶ provides for revenue generated on SITLA land exchanged with the federal
- 32 government;
- 33 ▶ repeals provisions relating to the Rural Development Fund; and
- 34 ▶ makes technical changes.

35 **Monies Appropriated in this Bill:**

36 None

37 **Other Special Clauses:**

38 This bill provides an immediate effective date.

39 **Utah Code Sections Affected:**

40 AMENDS:

- 41 **9-4-302**, as last amended by Chapters 10 and 299, Laws of Utah 2000
- 42 **9-4-303**, as last amended by Chapter 175, Laws of Utah 2001
- 43 **9-4-307**, as last amended by Chapters 10 and 299, Laws of Utah 2000
- 44 **9-15-102**, as last amended by Chapter 256, Laws of Utah 2002
- 45 **11-14-308**, as last amended by Chapter 83, Laws of Utah 2006
- 46 **53C-3-201**, as last amended by Chapter 299, Laws of Utah 2000
- 47 **53C-3-202**, as last amended by Chapter 292, Laws of Utah 2002
- 48 **59-21-1**, as last amended by Chapter 299, Laws of Utah 2000
- 49 **59-21-2**, as last amended by Chapter 148, Laws of Utah 2005
- 50 **63C-4-103**, as last amended by Chapter 14, Laws of Utah 2006

51 ENACTS:

- 52 **53C-3-203**, Utah Code Annotated 1953

53 REPEALS:

- 54 **9-14-101**, as last amended by Chapter 18, Laws of Utah 2004
- 55 **9-14-102**, as last amended by Chapter 256, Laws of Utah 2002
- 56 **9-14-103**, as last amended by Chapter 176, Laws of Utah 2002

57 9-14-104, as last amended by Chapter 14, Laws of Utah 2006

58 9-14-105, as enacted by Chapter 368, Laws of Utah 1999

59 9-14-106, as enacted by Chapter 368, Laws of Utah 1999



61 *Be it enacted by the Legislature of the state of Utah:*

62 Section 1. Section 9-4-302 is amended to read:

63 **9-4-302. Definitions.**

64 As used in this part:

65 [~~(1)~~] "~~Acquired lands~~" is as defined in ~~Section 53C-3-201.~~]

66 [~~(2)~~] "~~Acquired mineral interests~~" is as defined in ~~Section 53C-3-201.~~]

67 [~~(3)~~] (1) "Bonus payments" means [~~-(a)~~] that portion of the bonus payments received
68 by the United States government under the Leasing Act paid to the state under Section 35 of
69 the Leasing Act, 30 U.S.C. Sec. 191, together with any interest that had accrued on those
70 payments [~~;-or~~].

71 [~~(b)~~] ~~bonus payments collected by the School and Institutional Trust Lands~~
72 ~~Administration created by Section 53C-1-201 from the lease of:]~~

73 [~~(i)~~] ~~minerals on acquired lands; or]~~

74 [~~(ii)~~] ~~acquired mineral interests.]~~

75 [~~(4)~~] (2) "Impact board" means the Permanent Community Impact Fund Board created
76 under Section 9-4-304.

77 [~~(5)~~] (3) "Impact fund" means the Permanent Community Impact Fund established by
78 this chapter.

79 [~~(6)~~] (4) "Interlocal Agency" means a legal or administrative entity created by a
80 subdivision or combination of subdivisions under the authority of Title 11, Chapter 13,
81 Interlocal Cooperation Act.

82 [~~(7)~~] (5) "Leasing Act" means the Mineral Lands Leasing Act of 1920, 30 U.S.C. Sec.
83 181 et seq.

84 [~~(8)~~] (6) "Subdivision" means a county, city, town, county service area, special service
85 district, special improvement district, water conservancy district, water improvement district,
86 sewer improvement district, housing authority, building authority, school district, or public
87 postsecondary institution organized under the laws of this state.

88 Section 2. Section **9-4-303** is amended to read:

89 **9-4-303. Impact fund -- Deposits and contents -- Use of fund monies.**

90 (1) There is created an enterprise fund entitled the "Permanent Community Impact
91 Fund."

92 (2) The fund consists of:

93 (a) all amounts appropriated to the impact fund under Section 59-21-2;

94 (b) bonus payments deposited to the impact fund pursuant to Subsection 59-21-1(2);

95 (c) ~~[bonus payments deposited]~~ all amounts appropriated to the impact fund ~~[pursuant~~
96 ~~to]~~ under Section ~~[53C-3-202]~~ 53C-3-203;

97 (d) all amounts received for the repayment of loans made by the impact board under
98 this chapter; and

99 (e) all other monies appropriated or otherwise made available to the impact fund by the
100 Legislature.

101 (3) The state treasurer shall:

102 (a) invest the monies in the impact fund by following the procedures and requirements
103 of Title 51, Chapter 7, State Money Management Act; and

104 (b) deposit all interest or other earnings derived from those investments into the impact
105 fund.

106 (4) The amounts in the impact fund available for loans, grants, administrative costs, or
107 other purposes of this part shall be limited to that which the Legislature appropriates for these
108 purposes.

109 (5) Federal mineral lease revenue received by the state under the Leasing Act that is
110 deposited into the impact fund shall be used:

111 (a) in a manner consistent with:

112 (i) the Leasing Act; and

113 (ii) this part; and

114 (b) for loans, grants, or both to state agencies or subdivisions that are socially or
115 economically impacted by the leasing of minerals under the Leasing Act.

116 ~~[(6) Mineral lease revenue collected by the School and Institutional Trust Lands~~
117 ~~Administration from the lease of minerals on acquired lands or the lease of acquired mineral~~
118 ~~interests that is deposited into the impact fund shall be used:]~~

119 ~~[(a) in a manner consistent with this part; and]~~
 120 ~~[(b) for loans, grants, or both to state agencies or subdivisions socially or economically~~
 121 ~~impacted by the leasing of:]~~

122 ~~[(i) minerals on acquired lands; or]~~
 123 ~~[(ii) acquired mineral interests:]~~

124 (6) The monies described in Subsection (2)(c) shall be used for grants to political
 125 subdivisions of the state to mitigate the impacts resulting from the development or use of
 126 school and institutional trust lands.

127 Section 3. Section **9-4-307** is amended to read:

128 **9-4-307. Impact fund administered by impact board -- Eligibility for assistance --**
 129 **Review by board -- Administration costs -- Annual report.**

130 (1) (a) The impact board shall:

131 (i) administer the impact fund in a manner that will keep a portion of the impact fund
 132 revolving;

133 (ii) determine provisions for repayment of loans; and

134 (iii) establish criteria for determining eligibility for assistance under this part.

135 (b) (i) Criteria for awarding loans or grants made from funds described in Subsection
 136 9-4-303(5) shall be consistent with Subsection 9-4-303(5).

137 (ii) Criteria for awarding ~~[loans or]~~ grants made from funds described in Subsection
 138 9-4-303~~[(6)]~~ (2)(c) shall be consistent with ~~[Subsections]~~ Subsection 9-4-303(6) ~~[and~~
 139 ~~9-4-305(1)(a)]~~.

140 (c) In order to receive assistance under this part, subdivisions and interlocal agencies
 141 shall submit formal applications containing the information that the impact board requires.

142 (2) In determining eligibility for loans and grants under this part, the impact board shall
 143 consider the following:

144 (a) the subdivision's or interlocal agency's current mineral lease production;

145 (b) the feasibility of the actual development of a resource that may impact the
 146 subdivision or interlocal agency directly or indirectly;

147 (c) current taxes being paid by the subdivision's or interlocal agency's residents;

148 (d) the borrowing capacity of the subdivision or interlocal agency, its ability and
 149 willingness to sell bonds or other securities in the open market, and its current and authorized

150 indebtedness;

151 (e) all possible additional sources of state and local revenue, including utility user
152 charges;

153 (f) the availability of federal assistance funds;

154 (g) probable growth of population due to actual or prospective natural resource
155 development in an area;

156 (h) existing public facilities and services;

157 (i) the extent of the expected direct or indirect impact upon public facilities and
158 services of the actual or prospective natural resource development in an area; and

159 (j) the extent of industry participation in an impact alleviation plan, either as specified
160 in Title 63, Chapter 51, Resource Development, or otherwise.

161 (3) The impact board may not fund any education project that could otherwise have
162 reasonably been funded by a school district through a program of annual budgeting, capital
163 budgeting, bonded indebtedness, or special assessments.

164 (4) The impact board may restructure all or part of the agency's or subdivision's
165 liability to repay loans for extenuating circumstances.

166 (5) The impact board shall:

167 (a) review the proposed uses of the impact fund for loans or grants before approving
168 them and may condition its approval on whatever assurances that the impact board considers to
169 be necessary to ensure that the proceeds of the loan or grant will be used in accordance with the
170 Leasing Act and this part; and

171 (b) ensure that each loan specifies the terms for repayment and is evidenced by general
172 obligation, special assessment, or revenue bonds, notes, or other obligations of the appropriate
173 subdivision or interlocal agency issued to the impact board under whatever authority for the
174 issuance of those bonds, notes, or obligations exists at the time of the loan.

175 (6) The impact board shall allocate from the impact fund to the department those funds
176 that are appropriated by the Legislature for the administration of the impact fund, but this
177 amount may not exceed 2% of the annual receipts to the impact fund.

178 (7) The department shall make an annual report to the Legislature concerning the
179 number and type of loans and grants made as well as a list of subdivisions and interlocal
180 agencies that received this assistance.

181 Section 4. Section **9-15-102** is amended to read:

182 **9-15-102. Rural Electronic Commerce Communications System Fund -- Deposits**
183 **and contents -- Interest -- Administration.**

184 (1) In order to preserve and promote communications systems, such as broadcast
185 television, in the rural areas of the state, there is created a restricted special revenue fund
186 entitled the "Rural Electronic Commerce Communications System Fund."

187 (2) The fund shall consist of:

188 (a) monies deposited to the fund under this chapter; and

189 [~~(b) monies deposited to the fund under Section 53C-3-202; and~~]

190 [~~(c)~~] (b) bond proceeds from the issuance and sale of revenue bonds authorized under
191 Subsection 9-15-104(2).

192 (3) The fund shall earn interest, which shall be deposited in the fund.

193 (4) Any unallocated balance in the fund at the end of a fiscal year shall be nonlapsing.

194 (5) The division may use fund monies for administration of the fund, but not to exceed
195 2% of the annual receipts to the fund.

196 Section 5. Section **11-14-308** is amended to read:

197 **11-14-308. Special service district bonds secured by federal mineral lease**
198 **payments -- Use of bond proceeds -- Bond resolution -- Nonimpairment of appropriation**
199 **formula -- Issuance of bonds.**

200 (1) Special service districts may:

201 (a) issue bonds payable, in whole or in part, from federal mineral lease payments which
202 are to be deposited into the Mineral Lease Account under Section 59-21-1 and distributed to
203 special service districts under Subsection 59-21-2[~~(3)~~](2)(h); or

204 (b) pledge all or any part of the mineral lease payments referred to in Subsection (1)(a)
205 as an additional source of payment for their general obligation bonds.

206 (2) The proceeds of these bonds may be used:

207 (a) to construct, repair, and maintain streets and roads;

208 (b) to fund any reserves and costs incidental to the issuance of the bonds and pay any
209 associated administrative costs; and

210 (c) for capital projects of the special service district.

211 (3) (a) The special service district board shall enact a resolution authorizing the

212 issuance of bonds which, until the bonds have been paid in full:

213 (i) shall be irrevocable; and

214 (ii) may not be amended in any manner that would:

215 (A) impair the rights of the bond holders; or

216 (B) jeopardize the timely payment of principal or interest when due.

217 (b) Notwithstanding any other provision of this chapter, the resolution may contain
218 covenants with the bond holder regarding:

219 (i) mineral lease payments, or their disposition;

220 (ii) the issuance of future bonds; or

221 (iii) other pertinent matters considered necessary by the governing body to:

222 (A) assure the marketability of the bonds; or

223 (B) insure the enforcement, collection, and proper application of mineral lease
224 payments.

225 (4) (a) Except as provided in Subsection (4)(b), the state may not alter, impair, or limit
226 the statutory appropriation formula provided in Subsection 59-21-2[(3)](2)(h), in a manner that
227 reduces the amounts to be distributed to the special service district until the bonds and the
228 interest on the bonds are fully met and discharged. Each special service district may include
229 this pledge and undertaking of the state in these bonds.

230 (b) Nothing in this section:

231 (i) may preclude the alteration, impairment, or limitation of these bonds if adequate
232 provision is made by law for the protection of the bond holders; or

233 (ii) shall be construed:

234 (A) as a pledge guaranteeing the actual dollar amount ultimately received by individual
235 special service districts;

236 (B) to require the Department of Transportation to allocate the mineral lease payments
237 in a manner contrary to the general allocation method described in Subsection
238 59-21-2[(3)](2)(h); or

239 (C) to limit the Department of Transportation in making rules or procedures allocating
240 mineral lease payments pursuant to Subsection 59-21-2[(3)](2)(h).

241 (5) (a) The average annual installments of principal and interest on bonds to which
242 mineral lease payments have been pledged as the sole source of payment may not at any one

243 time exceed:

244 (i) 80% of the total mineral lease payments received by the issuing entity during the
245 fiscal year of the issuing entity immediately preceding the fiscal year in which the resolution
246 authorizing the issuance of bonds is adopted; or

247 (ii) if the bonds are issued during the first fiscal year the issuing entity is eligible to
248 receive funds, 60% of the amount estimated by the Department of Transportation to be
249 appropriated to the issuing entity in that fiscal year.

250 (b) The Department of Transportation shall not be liable for any loss or damage
251 resulting from reliance on the estimates.

252 (6) The final maturity date of the bonds may not exceed 15 years from the date of their
253 issuance.

254 (7) Bonds may not be issued under this section after December 31, 2010.

255 (8) Bonds which are payable solely from a special fund into which mineral lease
256 payments are deposited constitute a borrowing based solely upon the credit of the mineral lease
257 payments received or to be received by the special service district and do not constitute an
258 indebtedness or pledge of the general credit of the special service district or the state.

259 Section 6. Section **53C-3-201** is amended to read:

260 **53C-3-201. Definitions.**

261 As used in this part:

262 (1) "Acquired lands" means those lands acquired by the administration under the
263 agreement.

264 (2) "Acquired mineral interests" means mineral interests acquired by the administration
265 pursuant to Section 3(F), (K), (L), or (M) of the agreement.

266 (3) "Agreement" means the Agreement to Exchange Utah School Trust Lands Between
267 the State of Utah and the United States of America, signed May 8, 1998, as ratified by the Utah
268 School and Lands Exchange Act of 1998, Pub. L. No. 105-335.

269 (4) "Exchange" means any land or mineral interest exchange by the administration and
270 the United States of America after March 1, 2007.

271 (5) "Exchanged lands" means those lands acquired by the administration through an
272 exchange.

273 (6) "Exchanged mineral interests" means mineral interests acquired by the

274 administration through an exchange.

275 [~~(4)~~] (7) "Identified tracts" means the tracts identified in Section 3(F), (G), (J), (K), (L),
276 and (M) of the agreement, generally referred to as the Cottonwood Tract, Westridge Coal Tract,
277 Ferron Field, Mill Fork Tract, Dugout Canyon Tract, Muddy Tract, and North Horn Coal Tract.

278 [~~(5)~~] (8) "Subject mineral" means any mineral that is covered by the Mineral Lands
279 Leasing Act, 30 U.S.C. Sec. 181 et seq., as amended through May 3, 1999.

280 Section 7. Section **53C-3-202** is amended to read:

281 **53C-3-202. Collection and distribution of revenues from federal land exchange**
282 **parcels.**

283 (1) The director [~~is responsible for the collection of~~] shall collect all bonus payments,
284 rentals, and royalties from the lease of:

285 (a) minerals on acquired lands; [~~and~~]

286 (b) acquired mineral interests[~~;~~];

287 (c) minerals on exchanged lands; and

288 (d) exchanged mineral interests.

289 (2) The director shall:

290 (a) [~~except as provided in Subsections (3) and (4);~~] no later than the last day of the
291 second month following each calendar quarter, distribute all bonus payments received during
292 the calendar quarter from the lease of coal, oil and gas, and coalbed methane on the identified
293 tracts as follows:

294 (i) 50% to the United States; and

295 [~~(ii) 12.16% to the Permanent Community Impact Fund created in Section 9-4-303;~~]

296 [~~(iii) 20% to the Constitutional Defense Restricted Account created in Section~~
297 ~~63C-4-103;~~]

298 [~~(iv) 15% to the Rural Electronic Commerce Communications System Fund created by~~
299 ~~Section 9-15-102; and~~]

300 [~~(v) 2.84% to the Rural Development Fund created under Section 9-14-102; and~~]

301 (ii) 50% to the Land Exchange Distribution Account created in Section 53C-3-203;

302 (b) [~~except as provided in Subsections (3) and (4);~~] no later than the last day of the
303 second month following each calendar quarter, distribute all rentals and royalties received
304 during the calendar quarter from the lease of subject minerals on the acquired lands and the

305 lease of acquired mineral interests as follows:

306 (i) 50% to the Land Grant Management Fund created by Section 53C-3-101; and

307 [~~(ii) 39.5% to the Mineral Lease Account created by Subsection 59-21-2(3);]~~

308 [~~(iii) 4.5% to the Constitutional Defense Restricted Account created by Section~~

309 ~~63C-4-103;]~~

310 [~~(iv) 3.0% to the Rural Electronic Commerce Communications System Fund created by~~

311 ~~Section 9-15-102; and]~~

312 [~~(v) 3.0% to the Rural Development Fund created by Section 9-14-102.]~~

313 [~~(3) Notwithstanding Subsections (2)(a), (2)(b), and (4), if the distribution required by~~

314 ~~Subsection (2)(a)(iii), (2)(b)(iii), or (4) would cause the balance of the Constitutional Defense~~

315 ~~Restricted Account to exceed \$2,000,000, the director shall distribute to the Permanent~~

316 ~~Community Impact Fund an amount equal to the difference between:]~~

317 [~~(a) what the total balance of the Constitutional Defense Restricted Account would be~~

318 ~~if, but for this Subsection (3), a distribution described in Subsection (2)(a)(iii), (2)(b)(iii), or (4)~~

319 ~~was made; and]~~

320 [~~(b) \$2,000,000.]~~

321 [~~(4) Notwithstanding Subsections (2)(a) and (b), and except as provided in Subsection~~

322 ~~(3), for each fiscal year the director shall deposit:]~~

323 [~~(a) the first \$750,000 of distributions required by Subsections (2)(a)(iv) and (2)(b)(iv)~~

324 ~~into the Rural Electronic Commerce Communications System Fund; and]~~

325 [~~(b) any amounts exceeding the \$750,000 described in Subsection (4)(a) that would be~~

326 ~~distributed into the Rural Electronic Commerce Communications System Fund but for this~~

327 ~~Subsection (4) into the Constitutional Defense Restricted Account.]~~

328 (ii) 50% to the Land Exchange Distribution Account created in Section 53C-3-203; and

329 (c) no later than the last day of the second month following each calendar quarter,

330 deposit the state's share of the mineral bonus, rental, and royalty revenue generated from the

331 lease of minerals on exchanged lands or exchanged mineral interests in the Land Exchange

332 Distribution Account created in Section 53C-3-203.

333 [~~(5)] (3) (a) The director may retain up to 3% of the monies collected under Subsection~~

334 (1) to pay for administrative costs incurred under Subsection (1).

335 (b) The director may deduct administrative costs [~~may be deducted prior to~~] before the

336 distributions made under Subsections (2)(a) and (b).

337 (c) The director shall keep the administrative cost deductions in separate accounts.

338 (d) (i) For purposes of this section, administrative costs[~~:(A)~~] include:

339 [~~(F)~~] (A) direct costs incurred by the administration; and

340 [~~(H)~~] (B) out-of-pocket expenditures incurred by the administration that are directly
341 attributable to leasing or management of the acquired lands for subject minerals or acquired
342 mineral interests[~~; and~~].

343 [~~(B)~~] shall be determined in a manner similar to that used by the federal government
344 pursuant to 30 U.S.C. Sec. 191(b).]

345 (ii) If the administration includes out-of-pocket expenditures under Subsection [~~(5)~~]
346 (3)(d)(i) in determining its costs, those expenditures may not be included in its general
347 calculation of direct costs.

348 (e) (i) At the end of each fiscal year, the director shall reconcile the amount actually
349 spent under Subsection [~~(5)~~] (3)(d) with the amount retained under Subsection [~~(5)~~] (3)(a).

350 (ii) The monies retained under Subsection [~~(5)~~] (3)(a) are nonlapsing.

351 Section 8. Section 53C-3-203 is enacted to read:

352 **53C-3-203. Land Exchange Distribution Account -- School and Institutional Trust**
353 **Land Impact Fund.**

354 (1) As used in this section, "account" means the Land Exchange Distribution Account
355 created in Subsection (2)(a).

356 (2) (a) There is created within the General Fund a restricted account known as the Land
357 Exchange Distribution Account.

358 (b) The account shall consist of all revenue deposited in the account as required by
359 Subsections 53C-3-202(2)(a)(ii) and (2)(b)(ii).

360 (3) For fiscal years beginning on or after fiscal year 2007-08, because the revenue is
361 not derived from taxes, the Legislature shall annually appropriate from the account:

362 (a) 55% of all deposits made to the account to counties in amounts proportionate to the
363 amounts of mineral revenue generated from the acquired land, exchanged land, acquired
364 mineral interests, or exchanged mineral interests located in each county, to be used to mitigate
365 the impacts caused by mineral development;

366 (b) 25% of all deposits made to the account to counties in amounts proportionate to the

367 total surface and mineral acreage within each county that was conveyed to the United States
368 under the agreement or an exchange, to be used to mitigate the loss of mineral development
369 opportunities resulting from the agreement or exchange;

370 (c) 1.68% of all deposits made to the account to the State Board of Education, to be
371 used for education research and experimentation in the use of staff and facilities designed to
372 improve the quality of education in Utah;

373 (d) 1.66% of all deposits made to the account to the Geological Survey, to be used for
374 natural resources development in the state;

375 (e) 1.66% of all deposits made to the account to the Water Research Laboratory at Utah
376 State University, to be used for water development in the state; and

377 (f) 7.5% of all deposits made to the account to the Constitutional Defense Restricted
378 Account created in Section 63C-4-103.

379 (4) For fiscal years 2007-08 and 2008-09, the Legislature shall annually appropriate
380 from the account 7.5% of all deposits made to the account to the Geological Survey, to be used
381 for test wells and other hydrologic studies in the West Desert.

382 (5) For fiscal years beginning on or after fiscal year 2009-10, the Legislature shall
383 annually appropriate from the account 7.5% of all deposits made to the account to the
384 Permanent Community Impact Fund created in Section 9-4-303, to be used for grants to
385 political subdivisions of the state to mitigate the impacts resulting from the development or use
386 of school and institutional trust lands.

387 Section 9. Section **59-21-1** is amended to read:

388 **59-21-1. Disposition of federal mineral lease monies -- Priority to political**
389 **subdivisions impacted by mineral development -- Disposition of mineral bonus payments**
390 **-- Appropriation of monies attributable to royalties from extraction of minerals on**
391 **federal land located within boundaries of Grand Staircase-Escalante National**
392 **Monument.**

393 (1) Except as provided in Subsections (2) through (4), all monies received from the
394 United States under the provisions of the Mineral Lands Leasing Act, 30 U.S.C. Sec. 181 et
395 seq., shall:

396 (a) be deposited in the Mineral Lease Account of the General Fund; and

397 (b) be appropriated by the Legislature giving priority to those subdivisions of the state

398 socially or economically impacted by development of minerals leased under the Mineral Lands
399 Leasing Act, for:

- 400 (i) planning;
- 401 (ii) construction and maintenance of public facilities; and
- 402 (iii) provision of public services.

403 (2) Seventy percent of money received from federal mineral lease bonus payments
404 shall be deposited into the Permanent Community Impact Fund and shall be used as provided
405 in Title 9, Chapter 4, Part 3, Community Impact Alleviation.

406 (3) Thirty percent of money received from federal mineral lease bonus payments shall
407 be deposited in the Mineral Bonus Account created by Subsection 59-21-2~~(2)~~(1) and
408 appropriated as provided in that subsection.

409 (4) (a) For purposes of this Subsection (4):

410 (i) the "boundaries of the Grand Staircase-Escalante National Monument" means the
411 boundaries:

412 (A) established by Presidential Proclamation No. 6920, 61 Fed. Reg. 50,223 (1996);
413 and

414 (B) modified by:

415 (I) Pub. L. No. 105-335, 112 Stat. 3139; and

416 (II) Pub. L. No. 105-355, 112 Stat. 3247; and

417 (ii) a special service district, school district, or federal land is considered to be located
418 within the boundaries of the Grand Staircase-Escalante National Monument if a portion of the
419 special service district, school district, or federal land is located within the boundaries
420 described in Subsection (4)(a)(i).

421 (b) Beginning on July 1, 1999, the Legislature shall appropriate, as provided in
422 Subsections (4)(c) through (g), monies received from the United States that are attributable to
423 royalties from the extraction of minerals on federal land that, on September 18, 1996, was
424 located within the boundaries of the Grand Staircase-Escalante National Monument.

425 (c) The Legislature shall annually appropriate 40% of the monies described in
426 Subsection (4)(b) to the Department of Transportation to be distributed by the Department of
427 Transportation to special service districts that are:

428 (i) established by counties under Title 17A, Chapter 2, Part 13, Utah Special Service

429 District Act;

430 (ii) socially or economically impacted by the development of minerals under the
431 Mineral Lands Leasing Act; and

432 (iii) located within the boundaries of the Grand Staircase-Escalante National
433 Monument.

434 (d) The Department of Transportation shall distribute the money described in
435 Subsection (4)(c) in amounts proportionate to the amount of federal mineral lease money
436 generated by the county in which a special service district is located.

437 (e) The Legislature shall annually appropriate 40% of the monies described in
438 Subsection (4)(b) to the State Board of Education to be distributed equally to school districts
439 that are:

440 (i) socially or economically impacted by the development of minerals under the
441 Mineral Lands Leasing Act; and

442 (ii) located within the boundaries of the Grand Staircase-Escalante National
443 Monument.

444 (f) The Legislature shall annually appropriate 2.25% of the monies described in
445 Subsection (4)(b) to the Utah Geological Survey to facilitate the development of energy and
446 mineral resources in counties that are:

447 (i) socially or economically impacted by the development of minerals under the
448 Mineral Lands Leasing Act; and

449 (ii) located within the boundaries of the Grand Staircase-Escalante National
450 Monument.

451 (g) Seventeen and three-fourths percent of the monies described in Subsection (4)(b)
452 shall be deposited annually into the State School Fund established by Utah Constitution Article
453 X, Section 5.

454 Section 10. Section **59-21-2** is amended to read:

455 **59-21-2. Definitions -- Mineral Bonus Account created -- Contents -- Use of**
456 **Mineral Bonus Account money -- Mineral Lease Account created -- Contents --**

457 **Appropriation of monies from Mineral Lease Account.**

458 [~~(1) As used in this section:~~]

459 [~~(a) "Acquired lands" is as defined in Section 53C-3-201.~~]

460 ~~[(b) "Acquired mineral interests" is as defined in Section 53C-3-201.]~~

461 ~~[(2)]~~ (1) (a) The Mineral Bonus Account is created within the General Fund.

462 (b) The Mineral Bonus Account consists of federal mineral lease bonus payments
463 deposited pursuant to Subsection 59-21-1(3).

464 (c) The Legislature shall make appropriations from the Mineral Bonus Account in
465 accordance with Section 35 of the Mineral Lands Leasing Act of 1920, 30 U.S.C. Sec. 191.

466 (d) The state treasurer shall:

467 (i) invest the money in the Mineral Bonus Account by following the procedures and
468 requirements of Title 51, Chapter 7, State Money Management Act; and

469 (ii) deposit all interest or other earnings derived from the account into the Mineral
470 Bonus Account.

471 ~~[(3)]~~ (2) (a) The Mineral Lease Account is created within the General Fund.

472 (b) The Mineral Lease Account consists of ~~[(i)]~~ federal mineral lease money deposited
473 pursuant to Subsection 59-21-1(1) ~~[; and]~~.

474 ~~[(ii) rentals and royalties from the lease of the following deposited pursuant to Section
475 53C-3-202:]~~

476 ~~[(A) minerals on acquired lands; or]~~

477 ~~[(B) acquired mineral interests.]~~

478 (c) The Legislature shall make appropriations from the Mineral Lease Account as
479 provided in Subsection 59-21-1(1) and this Subsection ~~[(3)]~~ (2).

480 (d) The Legislature shall annually appropriate 32.5% of all deposits made to the
481 Mineral Lease Account to the Permanent Community Impact Fund established by Section
482 9-4-303.

483 (e) The Legislature shall annually appropriate 2.25% of all deposits made to the
484 Mineral Lease Account to the State Board of Education, to be used for education research and
485 experimentation in the use of staff and facilities designed to improve the quality of education in
486 Utah.

487 (f) The Legislature shall annually appropriate 2.25% of all deposits made to the
488 Mineral Lease Account to the Utah Geological Survey, to be used for activities carried on by
489 the survey having as a purpose the development and exploitation of natural resources in the
490 state.

491 (g) The Legislature shall annually appropriate 2.25% of all deposits made to the
492 Mineral Lease Account to the Water Research Laboratory at Utah State University, to be used
493 for activities carried on by the laboratory having as a purpose the development and exploitation
494 of water resources in the state.

495 (h) (i) The Legislature shall annually appropriate to the Department of Transportation
496 40% of all deposits made to the Mineral Lease Account to be distributed as provided in
497 Subsection [~~(3)~~] (2)(h)(ii) to:

498 (A) counties;

499 (B) special service districts established:

500 (I) by counties;

501 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and

502 (III) for the purpose of constructing, repairing, or maintaining roads; or

503 (C) special service districts established:

504 (I) by counties;

505 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and

506 (III) for other purposes authorized by statute.

507 (ii) The Department of Transportation shall allocate the funds specified in Subsection
508 [~~(3)~~] (2)(h)(i):

509 (A) in amounts proportionate to the amount of mineral lease money generated by each
510 county; and

511 (B) to a county or special service district established by a county under Title 17A,
512 Chapter 2, Part 13, Utah Special Service District Act, as determined by the county legislative
513 body.

514 (i) (i) The Legislature shall annually appropriate 5% of all deposits made to the
515 Mineral Lease Account to the Department of Community and Culture to be distributed to:

516 (A) special service districts established:

517 (I) by counties;

518 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and

519 (III) for the purpose of constructing, repairing, or maintaining roads; or

520 (B) special service districts established:

521 (I) by counties;

522 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and
523 (III) for other purposes authorized by statute.

524 (ii) The Department of Community and Culture may distribute the amounts described
525 in Subsection [~~(3)~~] (2)(i)(i) only to special service districts established under Title 17A,
526 Chapter 2, Part 13, Utah Special Service District Act, by counties:

527 (A) of the third, fourth, fifth, or sixth class;
528 (B) in which 4.5% or less of the mineral lease moneys within the state are generated;

529 and

530 (C) that are significantly socially or economically impacted as provided in Subsection
531 (3)(i)(iii) by the development of [~~(F)~~] minerals under the Mineral Lands Leasing Act, 30
532 U.S.C. Sec. 181 et seq. [~~(G)~~]

533 [~~(H) minerals on acquired lands, or~~]

534 [~~(H) acquired mineral interests.~~]

535 (iii) The significant social or economic impact required under Subsection [~~(3)~~]
536 (2)(i)(ii)(C) shall be as a result of:

537 (A) the transportation within the county of hydrocarbons, including solid hydrocarbons
538 as defined in Section 59-5-101;

539 (B) the employment of persons residing within the county in hydrocarbon extraction,
540 including the extraction of solid hydrocarbons as defined in Section 59-5-101; or

541 (C) a combination of Subsections [~~(3)~~] (2)(i)(iii)(A) and (B).

542 (iv) For purposes of distributing the appropriations under this Subsection [~~(3)~~] (2)(i) to
543 special service districts established by counties under Title 17A, Chapter 2, Part 13, Utah
544 Special Service District Act, the Department of Community and Culture shall:

545 (A) (I) allocate 50% of the appropriations equally among the counties meeting the
546 requirements of Subsections [~~(3)~~] (2)(i)(ii) and (iii); and

547 (II) allocate 50% of the appropriations based on the ratio that the population of each
548 county meeting the requirements of Subsections [~~(3)~~] (2)(i)(ii) and (iii) bears to the total
549 population of all of the counties meeting the requirements of Subsections [~~(3)~~] (2)(i)(ii) and
550 (iii); and

551 (B) after making the allocations described in Subsection [~~(3)~~] (2)(i)(iv)(A), distribute
552 the allocated revenues to special service districts established by the counties under Title 17A,

553 Chapter 2, Part 13, Utah Special Service District Act, as determined by the executive director
554 of the Department of Community and Culture after consulting with the county legislative
555 bodies of the counties meeting the requirements of Subsections [~~3~~] (2)(i)(ii) and (iii).

556 (v) The executive director of the Department of Community and Culture:

557 (A) shall determine whether a county meets the requirements of Subsections [~~3~~]
558 (2)(i)(ii) and (iii);

559 (B) shall distribute the appropriations under Subsection [~~3~~] (2)(i)(i) to special service
560 districts established by counties under Title 17A, Chapter 2, Part 13, Utah Special Service
561 District Act, that meet the requirements of Subsections [~~3~~] (2)(i)(ii) and (iii); and

562 (C) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
563 may make rules:

564 (I) providing a procedure for making the distributions under this Subsection [~~3~~] (2)(i)
565 to special service districts; and

566 (II) defining the term "population" for purposes of Subsection [~~3~~] (2)(i)(iv).

567 (j) (i) The Legislature shall annually make the following appropriations from the
568 Mineral Lease Account:

569 (A) an amount equal to 52 cents multiplied by the number of acres of school or
570 institutional trust lands, lands owned by the Division of Parks and Recreation, and lands owned
571 by the Division of Wildlife Resources that are not under an in lieu of taxes contract, to each
572 county in which those lands are located;

573 (B) to each county in which school or institutional trust lands are transferred to the
574 federal government after December 31, 1992, an amount equal to the number of transferred
575 acres in the county multiplied by a payment per acre equal to the difference between 52 cents
576 per acre and the per acre payment made to that county in the most recent payment under the
577 federal payment in lieu of taxes program, 31 U.S.C. Sec. 6901 et seq., unless the federal
578 payment was equal to or exceeded the 52 cents per acre, in which case a payment under this
579 Subsection [~~3~~] (2)(j)(i)(B) may not be made for the transferred lands;

580 (C) to each county in which federal lands, which are entitlement lands under the federal
581 in lieu of taxes program, are transferred to the school or institutional trust, an amount equal to
582 the number of transferred acres in the county multiplied by a payment per acre equal to the
583 difference between the most recent per acre payment made under the federal payment in lieu of

584 taxes program and 52 cents per acre, unless the federal payment was equal to or less than 52
585 cents per acre, in which case a payment under this Subsection [~~(3)~~] (2)(j)(i)(C) may not be
586 made for the transferred land; and

587 (D) to a county of the fifth or sixth class, an amount equal to the product of:

588 (I) \$1,000; and

589 (II) the number of residences described in Subsection [~~(3)~~] (2)(j)(iv) that are located
590 within the county.

591 (ii) A county receiving money under Subsection [~~(3)~~] (2)(j)(i) may, as determined by
592 the county legislative body, distribute the money or a portion of the money to:

593 (A) special service districts established by the county under Title 17A, Chapter 2, Part
594 13, Utah Special Service District Act;

595 (B) school districts; or

596 (C) public institutions of higher education.

597 (iii) (A) Beginning in fiscal year 1994-95 and in each year after fiscal year 1994-95, the
598 Division of Finance shall increase or decrease the amounts per acre provided for in Subsections
599 [~~(3)~~] (2)(j)(i)(A) through (C) by the average annual change in the Consumer Price Index for all
600 urban consumers published by the Department of Labor.

601 (B) For fiscal years beginning on or after fiscal year 2001-02, the Division of Finance
602 shall increase or decrease the amount described in Subsection [~~(3)~~] (2)(j)(i)(D)(I) by the
603 average annual change in the Consumer Price Index for all urban consumers published by the
604 Department of Labor.

605 (iv) Residences for purposes of Subsection [~~(3)~~] (2)(j)(i)(D)(II) are residences that are:

606 (A) owned by:

607 (I) the Division of Parks and Recreation; or

608 (II) the Division of Wildlife Resources;

609 (B) located on lands that are owned by:

610 (I) the Division of Parks and Recreation; or

611 (II) the Division of Wildlife Resources; and

612 (C) are not subject to taxation under:

613 (I) Chapter 2, Property Tax Act; or

614 (II) Chapter 4, Privilege Tax.

615 (k) The Legislature shall annually appropriate to the Permanent Community Impact
 616 Fund all deposits remaining in the Mineral Lease Account after making the appropriations
 617 provided for in Subsections [~~(3)~~] (2)(d) through (j).

618 [~~(4)~~] (3) (a) Each agency, board, institution of higher education, and political
 619 subdivision receiving money under this chapter shall provide the Legislature, through the
 620 Office of the Legislative Fiscal Analyst, with a complete accounting of the use of that money
 621 on an annual basis.

622 (b) The accounting required under Subsection [~~(4)~~] (3)(a) shall:

623 (i) include actual expenditures for the prior fiscal year, budgeted expenditures for the
 624 current fiscal year, and planned expenditures for the following fiscal year; and

625 (ii) be reviewed by the Economic Development and Human Resources Appropriation
 626 Subcommittee as part of its normal budgetary process under Title 63, Chapter 38, Budgetary
 627 Procedures Act.

628 Section 11. Section **63C-4-103** is amended to read:

629 **63C-4-103. Creation of Constitutional Defense Restricted Account -- Sources of**
 630 **funds -- Uses of funds -- Reports.**

631 (1) There is created a restricted account within the General Fund known as the
 632 Constitutional Defense Restricted Account.

633 (2) The account consists of monies from the following revenue sources:

634 (a) monies deposited to the account as required by Section [~~53C-3-202~~] 53C-3-203;

635 (b) voluntary contributions;

636 (c) monies received by the Constitutional Defense Council from other state agencies;

637 and

638 (d) appropriations made by the Legislature.

639 (3) Funds in the account shall be nonlapsing.

640 (4) The account balance may not exceed \$2,000,000.

641 (5) The Legislature may annually appropriate monies from the Constitutional Defense
 642 Restricted Account to one or more of the following:

643 (a) the Constitutional Defense Council to carry out its duties in Section 63C-4-102;

644 (b) the Public Lands Policy Coordinating Office to carry out its duties in Section
 645 63-38d-603;

646 (c) the Public Lands Policy Coordinating Council to carry out its duties in Section
647 63-38d-605[-];

648 (d) the Office of the Governor, to be used only for the purpose of asserting, defending,
649 or litigating state and local government rights under R.S. 2477, in accordance with a plan
650 developed and approved as provided in Section 63C-4-104;

651 (e) a county or association of counties to assist counties, consistent with the purposes
652 of the council, in pursuing issues affecting the counties; or

653 (f) the Office of the Attorney General, to be used only for public lands counsel and
654 assistance and litigation to the state or local governments including asserting, defending, or
655 litigating state and local government rights under R.S. 2477 in accordance with a plan
656 developed and approved as provided in Section 63C-4-104.

657 (6) (a) The Constitutional Defense Council shall require that any entity that receives
658 monies from the Constitutional Defense Restricted Account provide financial reports and
659 litigation reports to the Council.

660 (b) Nothing in this Subsection (6) prohibits the council from closing a meeting under
661 Title 52, Chapter 4, Open and Public Meetings Act, or prohibits the council from complying
662 with Title 63, Chapter 2, Government Records Access and Management Act.

663 Section 12. **Repealer.**

664 This bill repeals:

665 Section **9-14-101, Definitions.**

666 Section **9-14-102, Rural Development Fund -- Deposits and contents -- Interest --**
667 **Administration.**

668 Section **9-14-103, Rural Development Fund Board -- Members -- Terms -- Chair --**
669 **Quorum -- Expenses.**

670 Section **9-14-104, Board duties and powers.**

671 Section **9-14-105, Eligibility for assistance -- Application -- Review by board.**

672 Section **9-14-106, Division to distribute grant money -- Annual report.**

673 Section 13. **Effective date.**

674 If approved by two-thirds of all the members elected to each house, this bill takes effect
675 upon approval by the governor, or the day following the constitutional time limit of Utah
676 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,

677 the date of veto override.

**Revised
Fiscal Note**

**H.B. 134 2nd Sub. (Gray) - School and Institutional Trust Lands
Amendments**

2007 General Session
State of Utah

State Impact

Enactment of this bill would reduce revenues to the Mineral Lease Account, the Constitutional Defense Restricted Account, the Rural Electronic Commerce Fund, the Permanent Community Impact Fund, and the Rural Development Fund, by an estimated combined amount of \$3,898,400 beginning in FY 2008. There would be a corresponding revenue increase in the Land Exchange Distribution Account, a new General Fund restricted account created by this bill. In the aggregate the bill is revenue neutral. As specified in the bill, these funds are appropriated from the new Land Exchange Distribution Account as follows: \$3,118,700 to the Division of Finance for distribution to applicable counties, \$65,500 to the State Board of Education, \$357,100 to the Utah Geological Survey (\$292,400 for hydrological studies in the west Utah desert and \$64,700 for natural resource development), \$64,700 to the Utah State University water lab, and \$292,400 to the Constitutional Defense Restricted Account.

	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2007</u> <u>Revenue</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>
General Fund Restricted	\$0	(\$3,898,400)	(\$3,898,400)	\$0	(\$3,898,400)	(\$3,898,400)
General Fund Restricted	\$0	\$3,898,400	\$3,898,400	\$0	\$3,898,400	\$3,898,400
Total	\$0	\$0	\$0	\$0	\$0	\$0

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.